GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4155
ANSWERED ON:04.05.2007
IDBI BEEP DISCO UNT BOND
Rai Shri Nakul Das

Will the Minister of FINANCE be pleased to state:

(a) whether the Industrial Development Bank of Indi a (IDBI) had issued Deep Discount Bond, 1996 to the general public;

(b) if so, the details thereof;

(c) whether these bonds have been withdrawn;

(d) if so, the details thereof;

(e) whether all the bonds holders have been, informed about the withdrawal of the scheme in time;

(f) if so, the details thereof; (g) if not, the reasons therefor; and (h) the manner in which the Government compensated the persons who have suffered losses due to withdrawal?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Yes, Sir. IDBI has informed that Deep Discount Bonds (DDB) were Issued to public in February 1996 with an issue price of Rs. 5300/- per bond, Total subscription amounted to Rs. 1106 crore. (18.05 lakh investors). Though these bonds were of 25 years maturity, the bonds had call/put option for both IDBI and investors at the end of four years & four ironths, ten years & eight months, fifteen years & five months, twenty years & two months and twenty five years.

(c) & (d): Based on call option available to IDBI under these bonds as specified in the offer document, IDBI exercised the call option to redeem the bonds at the end of four years and four months i.e. on August 1, 2000 under intimation well in advance to all bondholders.

(e),(f) & (g): Yes. As specified in the offer document, call option notices were issued to all the bondholders well in advance under Certificate of Posting (UCP).

(h): IDBI exercised the call option to redeem the bonds early only on the basis of terms specified in the offer document. As IDBI has not violated any terms specified in the offer document, no compensation is payable to the bondholders on account of early redemption,